

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7629

BILL NUMBER: HB 1711

DATE PREPARED: Jan 9, 2001

BILL AMENDED:

SUBJECT: Voting equipment matching grant fund.

FISCAL ANALYST: Chris Baker

PHONE NUMBER: 232-9851

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes the Voting System Improvement Fund to reimburse counties for the purchase of new or upgraded voting systems. The bill provides that the fund consists of appropriations made by the General Assembly. This bill also provides that a county may be reimbursed up to 50% of the amount of expenditures made for a new or an upgraded voting system. It provides that the Secretary of State administers the fund and the reimbursement program.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The Secretary of State would be required to administer the Voting System Improvement Fund. The fund may receive appropriations from the General Assembly. Money remaining in the Fund at the end of a state fiscal year would not revert back to the General Fund. All expenses to administrate the Fund must be paid out of the Fund.

The Indiana Election Division, which is a division of the Secretary of State, has indicated that no additional staff would be required to administer the Fund. As of August 2000, the Election Division had nine authorized full-time staff members. Of these positions the Division has two co-directors that would be able to oversee the Fund, and an additional staff member that could handle the expense administration of the Fund. The Division already oversees the Campaign Finance Enforcement Fund, similar in structure to the proposed fund, which is a non-reverting dedicated fund.

This bill allows the Fund to provide up to 50% reimbursements to counties who upgrade their voting system. These reimbursements could range from \$9 M to \$15.9 M if all counties currently using punch card or lever machines replace or update their voting systems to incorporate more recent voting technology. As of the last general election, forty-four counties operated either punch card or lever machine voting systems.

Currently, there are four main types of voting systems that are certified for use in Indiana. They include

punch card system, lever machine voting systems, direct recording electronic (DRE) system and optical scan systems. The following table illustrates the current alternative voting systems that are approved by the Indiana Election Commission.

Manufacture/Model	Type	Cost per unit
ESS/OPTECH 3-P	Optical Scan	\$5,500
Micro Vote/MV464	Direct Recording Electronic	\$4,450
GBS/Accuvote ES-2000	Optical Scan	\$5,000

Based on information provided by Government Business Systems, Election Systems and Software, Microvote, and the Indiana Election Division, some of these systems listed above are priced by precinct. There are currently 5,530 precincts in the state. Approximately one OPTECH 3-P would be required per precinct in a county adopting this voting system. As an alternative, approximately one MV464 machine would be required for every block of 300-400 registered voters in a county, or approximately 70% turnout. It is suggested that one ES-2000 machine would be required per polling location. The approval by the Indiana Election Commission to market the ES-2000 expires in February 2002. Approval to market the OPTECH 3-P expired October 18, 2000. Approval for the marketing of the MV464 expires in September of 2002. The timing of the expirations, assuming no renewal by the Commission, could contribute to the timing of action taken in respective counties.

In addition to the cost for the replacement/upgrade of voting machines, the estimate includes the cost for paper ballots. Optical scan systems require paper ballots. The average cost of an optical scan ballot was thirty cents in CY 2000. When applying the number of precincts and registered voters to each type of system as listed in the table above the total impact is estimated at \$18 M to \$31.9 M. Taking fifty percent of this range gives the estimated impact of the grant match of \$9 M to \$15.9 M.

Given that the bill does not mandate replacement/upgrade or provide a specific date to complete replacement/upgrade of existing systems, the estimated impact could be divided over one or more years depending on the action of the counties. Approval of the grant would be made by application by the county wishing to update their voting system to the Secretary of State.

This bill does not make an appropriation for these grants.

Note: The estimate assumes punch card and lever counties would be the only counties to update their respective voting systems.

Explanation of State Revenues:

Explanation of Local Expenditures: If all punch card and lever machine counties pursue the replacement/upgrade to their voting systems, those counties could realize expenditures of \$9 M to \$15.9 M combined. Total expenditures made would depend on the individual action of these counties.

Explanation of Local Revenues:

State Agencies Affected: Office of the Secretary of State; Indiana Election Division, Indiana Office of the

Treasurer of State.

Local Agencies Affected: Counties.

Information Sources: Indiana Election Division; Rob McGinnis, Election Systems and Software (317) 913-0230; Steve Corey, Government Business Systems, 1-800-659-1516; Steve Shamo, Micro Vote, (317) 257-4900.